

## Message Text

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ACTION COME-00

INFO OCT-01 EA-06 ISO-00 EB-04 RSC-01 DRC-01 /013 W

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R 110900Z OCT 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 4844

AMEMBASSY BANGKOK

AMEMBASSY MANILA

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E.O. 11652: N/A

TAGS: BEXP ID

SUBJECT: INDONESIAN MARKE FOR DIATOMACEOUS EARTH

REF: STATE 215206 (NOTAL)

1. EAGLE PICHER REFTEL PARA 2 SUSPICIONS CONCERNING AUTHENTICITY OF INDONESIAN TRADE OPPORTUNITY FOR DIATOMACEOUS EARTH APPEAR ENTIRELY JUSTIFIED. FACTS OF CASE DIFFER FROM REFTEL DESCRIPTION IN FEW BUT EXTREMELY IMPORTANT PARTICULARS.

2. IN EARLY AUGUST R.O. ZAHARAN OF AFRO ASIA TRADING CO., LTD. (21, 21/1, 21/2 LAD PRAO TRADE CENTER, LAD PRAO ROAD, BANGKOK THAILAND, TEL. 784241) WITH LOCAL INDONESIAN REP. C.V. PIOGA APPROACHED P.T. PUSRI, GOI OWNED FERTILIZER COMPANY AND INDONESIA'S PRINCIPLE FERTILIZER IMPORTER. ZAHARAN (WHO CLAIMS TO BE SON OF TANZANIAN AMBASSADOR TO CANADA) OFFERED TO SELL PUSRI LARGE QUANTITIES DIATOMITE SOIL CONDITIONER (DSC), STATING THAT BOTH UREA AND DSC CONTAIN 46 O/O NITROGEN, ZAHARAN ARGUED EITHER THAT DSC HAS SAME PROPERTIES AS UREA OR IS IN FACT A TYPE OF UREA. PUSRI DENIED THIS ASSERTION; HOWEVER, AFTER CONSIDERABLE DISPUTE, PUERI (PERHAPS HOPING TO CALL ZAHARAN'S BLUFF)

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APPARENTLY ACQUIESED IN DEPT. TRADE IMPORT AWARD

TO PIOGA FOR 100,000 TONS "UREA" TO BE SUPPLIED  
BY AFRO ASIA WITH A 2.5 O/O PERFORMANCE BOND POSTED  
AND ADVANCE SAMPLES SENT FOR TESTING. THERE  
FOLLOWED A THREE CORNERED EXCHANGE OF  
CABLES AMONG A) ZAHARAN, B) HIS AFRO ASIA PRINCIPLES IN  
DETROIT, JOHN SALEH AND BINDU QUATAMA (TELEX:  
235420, CITY NATIONAL BANJ, DETROIT,  
ATTN: MR. RHARLES KASSAB, PRESIDENT THE WARREN BANK,  
MICHIGAN. TEL. 313-758-3500); AND C) THEIR PHILIPPINE  
SUPPLIER F.R. MANALO, EXPORTRADE (6 GARCIA VILLA  
ST. S1, MAKATI, RIZAL D-711 SULUSEA MANILA). AT  
FIRST, SUPPLIERS ATTEMPTED WRITE DSC BACK INTO TERMS OF  
SALE; AND LATER AGENT PIOGA ASKED PUSRI CHANGE WORIDING OF  
PREADVICE LC FROM "UREA" TO "TYPE OF  
FERTILIZER WITH 46 O/O NITROGEN EQUIVALENT";  
HOWEVER, EVENTUALLY WHEN PUSRI CONTINUED TO  
INSIST THAT TERMS READ "UREA" SAHRAN, SALEH,  
AND MANALO ALL AGREED TO TERM "UREA" AS WELL AS  
TO POSTING PERFORMANCE BOND AND SENDING SAMPLES.

3. NEVERTHELESS, SAMPLES NEVER ARRIVED, AND WHEN  
BANKERS OFFICIAL CONDIRMATION (FROM INSULAR  
BANK OF ASIA AND AMERCAN

.ANILAL DID ARRIVE  
EARLY SEPTEMBER STATING PERFORMANCE BOND  
AVAILABLE SUBJECT TO COMPLETION SALES AGREEMENT,  
THE PRODUCT WAS AGAIN STATED TO BE DSC. PASRI  
OF COURSE REFUSED TO SIGN SALES AGREEMENT FOR DSC; THERE-  
FORE PERFORMANCE BOND PRESUMABLY NEVER EXECUTED,  
AND SALE NEVER CONSUMATED. (PERHAPS ALSO WORTH  
NOTING THAT AT EACH STEP IN THESE NEGOTIATIONS  
PROSPECTIVE SELLERS RAISED PROPOSED WUANTITY  
OF SALE STARTING AT 100,000 AND ENDING AT 1.2  
MILLION TONS BUT WITH INTERMEDIATE STEP PROPOSING  
"UP TO 3 MILLION TONS.")

4. VERY SANGUINE INTERPRETATION ABOVE EVENTS MIGHT  
CONCLUDE SERIOUS MISUNDERSTANDING TOOK PLACE  
BETWEEN PROSPECTIVE SELLERS AND PUSRI. A LESS  
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CHARITABLE, BUT PROBABLY MORE REALISTIC, CONCLUSION  
WOULD BE THAT SELLERS MADE COORDINATED ATTEMPT  
SWINDLE GOI CORPORATION. GIVEN SERIOUS UREA  
SHORTAGE FACING MANY LDC'S WE ARE APPREHENSIVE  
THT SIMILAR DECEPTION ATTEMPT MIGHT FIND MORE SUCCESS IN  
OTHER COUNTRIES IF AUTHORITIES TTERE LESS SOPHISTICATED  
THAN PUSRI IN FERTILZIER KNOWLEDGE.

4. ACTION REQUESTED: WE THEREFORE REQUEST THAT  
DEPARTMENT: (A)CHECJ-OUT AFRO ASIA IN DETROIT,  
(B) GATHER INFO FROM BANGKOK RE AFRO ASIA, BANGKOK  
AND FROM MANILA RE EXPORTRADE, (C) - -0049048-53, ALERT  
OTHER LDC POSTS TO LOSSIBILITY OF SIMILAR AFRO  
ASIA SWINDLE ATTEMPT, (D) INFORM JAKARTA RESULTS  
YOUR EFFORTS.  
NEWSOM

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Draft Date:** 11 OCT 1974  
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**Disposition Approved on Date:**  
**Disposition Authority:** elyme  
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**Disposition Date:** 28 MAY 2004  
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**Errors:** N/A  
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**Previous Handling Restrictions:** n/a  
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**To:** STATE MANILA  
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